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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 9, 2002

APPLICATION OF

RAPPAHANNOCK ELECTRIC COOPERATIVE

CASE NO. PUE-2002-00419

For review of tariffs and terms
and conditions of service

ORDER PRESCRIBING NOTICE AND INVITING
COMMENTS AND REQUESTS FOR HEARING

On December 29, 2000, Rappahannock Electric Cooperative ("Rappahannock" or the "Cooperative"), filed an application for State Corporation Commission ("Commission") approval of the Cooperative's plan for functional separation ("Plan") as required by the Virginia Electric Utility Restructuring Act (the "Act"), Chapter 23 of Title 56 of the Code of Virginia (§§ 56-576 et seq.) On December 18, 2001, the Commission issued its Final Order in Case No. PUE-2001-00007 approving Rappahannock's application. Ordering paragraph number three (3) of the above-mentioned Final Order directed Rappahannock to "provide tariffs and terms and conditions of service to the Division of Energy Regulation that conform to this Order and all applicable Commission Rules and Regulations one hundred and fifty (150) days prior to its implementation of retail choice."

On August 2, 2002, pursuant to ordering paragraph number three (3) of the Commission's Final Order, Rappahannock filed tariffs and terms and conditions of service with the Division of Energy Regulation in anticipation of commencing retail access in its retail service territory effective January 1, 2003.

Rappahannock's filings included: (1) Rappahannock Electric Cooperative - Unbundled Tariffs and Rate Schedules for All Customer Classes, (2) Rappahannock Electric Cooperative - Terms and Conditions for Providing Electric Service, and (3) Rappahannock Electric Cooperative - Competitive Service Provider Coordination Tariff, including: Competitive Service Provider Agreement, Electronic Data Interchange (EDI) Trading Partner Agreement, Transmission Customer Designation Form, CSP Dispute Resolution Procedure and Aggregator Agreement. Also, pursuant to the Commission's Final Order in Case No. PUE-2001-00306, Rappahannock also submitted its Adjusted Market Rate and Competitive Transition Charges Calculation.

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that Rappahannock's application should be docketed, that notice should be given to the public, that interested parties should be given an opportunity to comment or request a hearing on the Cooperative's application, and that Staff should investigate and analyze the Cooperative's application and present its recommendations to the Commission.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2002-00419.

(2) The Cooperative's application and accompanying materials may be viewed during regular business hours at the Commission's Document Control Center, Tyler Building, First Floor, 1300 East Main Street, Richmond, Virginia. Interested parties also may obtain copies by making a written request to counsel for Rappahannock, John A. Pirko, Esquire, LeClair Ryan, P.C., 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

(3) On or before August 23, 2002, Rappahannock shall submit the following notice as display advertising, not classified, to be published in newspapers having general circulation throughout the Cooperative's service territory:

NOTICE OF THE APPLICATION OF
RAPPAHANNOCK ELECTRIC COOPERATIVE
FOR REVIEW OF TARIFFS
AND TERMS AND CONDITIONS
CASE NO. PUE-2002-00419

On December 29, 2000, Rappahannock Electric Cooperative ("Rappahannock" or the "Cooperative"), filed an application for State Corporation Commission ("Commission") approval of the Cooperative's plan for functional separation of its electric generation, retail transmission, and distribution assets as required by § 56-590 of the Virginia Electric Utility Restructuring Act (the "Act"), chapter 23 (§ 56-576 et seq.) of Title 56 of the Code of

Virginia, and the Commission's Regulations Governing the Functional Separation of Incumbent Electric Utilities Under the Virginia Electric Utility Restructuring Act (the "Functional Separation Rules"), 20 VAC 5-202-10 et seq., adopted in Case No. PUA-2000-00029.

On December 18, 2001, the Commission issued its Final Order approving Rappahannock's application. Ordering paragraph number three (3) of the above-mentioned Final Order directed Rappahannock to "provide tariffs and terms and conditions of service to the Division of Energy Regulation that conform to this Order and all applicable Commission Rules and Regulations one hundred and fifty (150) days prior to its implementation of retail choice."

On August 2, 2002, pursuant to ordering paragraph number three (3) of the Commission's Final Order, Rappahannock filed tariffs and terms and conditions of service with the Division of Energy Regulation in anticipation of commencing retail access in its retail service territory on January 1, 2003. Rappahannock's filings include: (1) Rappahannock Electric Cooperative - Unbundled Tariffs and Rate Schedules for All Customer Classes, (2) Rappahannock Electric Cooperative - Terms and Conditions for Providing Electric Service, and (3) Rappahannock Electric Cooperative - Competitive Service Provider Coordination Tariff, including: Competitive Service Provider Agreement, Electronic Data Interchange (EDI) Trading Partner Agreement, Transmission Customer Designation Form, CSP Dispute Resolution Procedure and Aggregator Agreement. Also, pursuant to the Commission's Final Order in Case No. PUE-2001-00306, Rappahannock also submitted its Adjusted Market Rate and Competitive Transition Charges Calculation.

A copy of the above-referenced application is available for inspection during regular business hours at the State Corporation Commission, Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may obtain a copy of the application by making a written request to counsel for Rappahannock, John A. Pirko, Esquire, LeClair Ryan, 4201 Dominion Boulevard, Suite 200, Glen Allen, Virginia 23060.

Comments on the application must be submitted in writing to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, on or before September 3, 2002. Requests for hearing also must be submitted in writing to the Clerk on or before September 3, 2002. Requests for a hearing shall state why a hearing is necessary and why such issues cannot be adequately addressed in written comments. All correspondence shall refer to Case No. PUE-2002-00419. A copy of any comments or requests for hearing shall also be sent to counsel for Rappahannock, at the address set forth above.

If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decisions based upon the papers filed in this proceeding.

RAPPAHANNOCK ELECTRIC COOPERATIVE

(4) The Cooperative shall forthwith serve a copy of this Order on the Chair of the Board of Supervisors of any county, upon the Mayor or Manager of any city or town, and upon any equivalent officials in counties, cities, and towns having alternate forms of government, within the Cooperative's service

territory. Service shall be made by first-class mail or delivery to the customary place of business or residence of the person served.

(5) On or before August 30, 2002, the Cooperative shall file with the Clerk of the Commission at the address set forth above proof of notice and service as required in Ordering Paragraphs (3) and (4) above.

(6) On or before September 3, 2002, any interested person wishing to comment on Rappahannock's application, or desiring a hearing in this matter, shall file an original and fifteen (15) copies of such written comments and requests for hearing with the Clerk of the Commission at the address set forth above, and shall refer to Case No. PUE-2002-00419. A copy of such comments or requests for hearing shall simultaneously be sent to counsel for Rappahannock, at the address set forth above. Any request for hearing shall detail reasons why such issues cannot be adequately addressed in written comments. If no sufficient request for hearing is received, a formal hearing with oral testimony may not be held, and the Commission may make its decision based upon papers filed in this proceeding.

(7) On or before September 27, 2002, the Commission Staff shall review the application and file a report with the Commission presenting its findings and recommendations.

(8) On or before October 4, 2002, the Cooperative and any interested person may file with the Clerk of the Commission at the address set forth above any response to the Staff Report.

(9) The Cooperative shall respond to written interrogatories with seven (7) business days after receipt of same. Except as modified above, discovery shall be in accordance with Part IV of the Commission's Rules of Practice and Procedure.

(10) This matter is continued for further orders of the Commission.